

Message Text

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ACTION ARA-10

INFO OCT-01 ISO-00 AID-05 CIAE-00 COME-00 EB-07 FRB-01

INR-07 NSAE-00 RSC-01 TRSE-00 XMB-04 OPIC-06 SP-02

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R 241813Z JAN 75

FM AMEMBASSY SAN JOSE

TO SECSTATE WASHDC 9155

INFO USDA/FAS WASHDC

UNCLAS SAN JOSE 0319

E.O. 11652: N/A

TAGS: EAGR, ETRD, CS

SUBJECT: SUGAR TO SWEETEN ARAB MONEY

1. PRESIDENT OF LIGA AGRICOLA-INDUSTRIAL DE LA CANA DE AZUCAR, ALVARO JENKINS, ANNOUNCED JANUARY 22 THAT HE WILL TRAVEL TO SWITZERLAND TO ENTER INTO A LONG-TERM SALES CONTRACT WITH KUWAIT FOR SALE OF SUGAR. WHILE JENKINS IS IN SWITZERLAND, ANOTHER COSTA RICAN DELEGATION IS TO ARRIVE TO DISCUSS AN ARAB LOAN OF \$155 MILLION TO COSTA RICA, ACCORDING TO JENKINS, AND THIS LOAN IS BEING FACILITATED BY KUWAIT. JENKINS HAS FOR SOME TIME BEEN PRESIDENT OF LIGA DE AZUCAR, BUT SINCE MAY HAS ALSO BEEN MINISTER OF PUBLIC WORKS AND TRANSPORTATION. HE HAS ALSO BEEN A BOARD MEMBER OF CODESA (CORPORACION COSTARRICENSE DE DESARROLLO).

2. ACCORDING TO PRESS REPORTS, SUGAR CONTRACT WITH KUWAIT IS TO RUN FOR 5 YEARS WITH SHIPMENTS IN 1975 TO BE 20,000 TONS AND INCREASING BY 1980 TO 50,000 TO 80,000 TONS AT OPTION OF UNCLASSIFIED

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LIGA. CURRENT SUGAR EXPORTS ARE AROUND 100,000

TONS AND COULD REACH 150,000 TONS WITHIN 2 YEARS
AND 250,000 TONS BY 1980 ACCORDING TO JENKINS.

3. DELEGATION TO DISCUSS LOAN TO INCLUDE REPRESENT-
ATIVES OF CENTRAL BANK, CODESA AND LIGA. PRESS
SAYS THAT LOAN WOULD BE FOR 20 YEARS, WITH A GRACE
PERIOD, BUT REPORTS ON INTEREST RATES
DIFFER. ONE SAYS 8.9 PERCENT ANOTHER 1.5
PERCENT WHICH EMBASSY THINKS COULD BE MIS-
REPORTED FOR 1.5 PERCENT UNDER SOME BASE. OF
\$155 MILLION TOTAL LOAN REQUEST, \$55 MILLION WOULD GO TO CODESA,
AND \$100 TO CENTRAL BANK. OF CODESA PORTION, \$35
MILLION WOULD BE ALLOCATED FOR A NEW SUGAR MILL
THAT COULD BE IN OPERATION WITHIN 3 OR 4 YEARS.

4. COMMENT: SOURCES WITHIN LEGA INFORMED AGATT
THAT SWITZERLAND MEETINGS ARE FOR "VERY
PRELIMINARY CONVERSATIONS". AT JENKINS' PROJECTED PRICE OF
\$800 PER TON, TOTAL VALUE OF EXPORTS OF SUGAR
TO KUWAIT OVER 5-YEAR PERIOD WOULD BE
\$160 MILLION TO \$210 MILLION, BUT PRICE SEEMS UNREALISTICALLY
HIGH FOR A LONG TERM DEAL.
LANE

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